

# MARYLAND FORESTRY ECONOMIC ADJUSTMENT STRATEGY

2021



# WHAT IS THE FORESTRY EAS?



# PROJECT OBJECTIVE & GOALS

Create EAS that strengthens the long-term economic viability of Maryland's forest products industry and to create jobs and business growth in Opportunity Zones.

- Statewide analysis of forestry industry and market
- Strategies for advancing forest products sector
- Plan for retention and growth of forest products sector
- Recommendations to counter long-term trend of diminishing markets



# IMPORT ROLE IN THE LOCAL ECONOMY



Create jobs



Stimulate spending



Provide inputs

- Manufacturing drives the state's forestry industry
- Forestry and logging have a greater economic output multiplier
- Small entrepreneurial companies drive the market
- A few large players have outsized impacts on statistics
- Our local timbersheds are highly correlated to nearby regions

# SUSTAINABLY MANAGED FORESTS FIT EMERGING ESG STANDARDS...



Safeguards  
Forests



Supports  
Varied Habitat



Increases Green  
Infrastructure



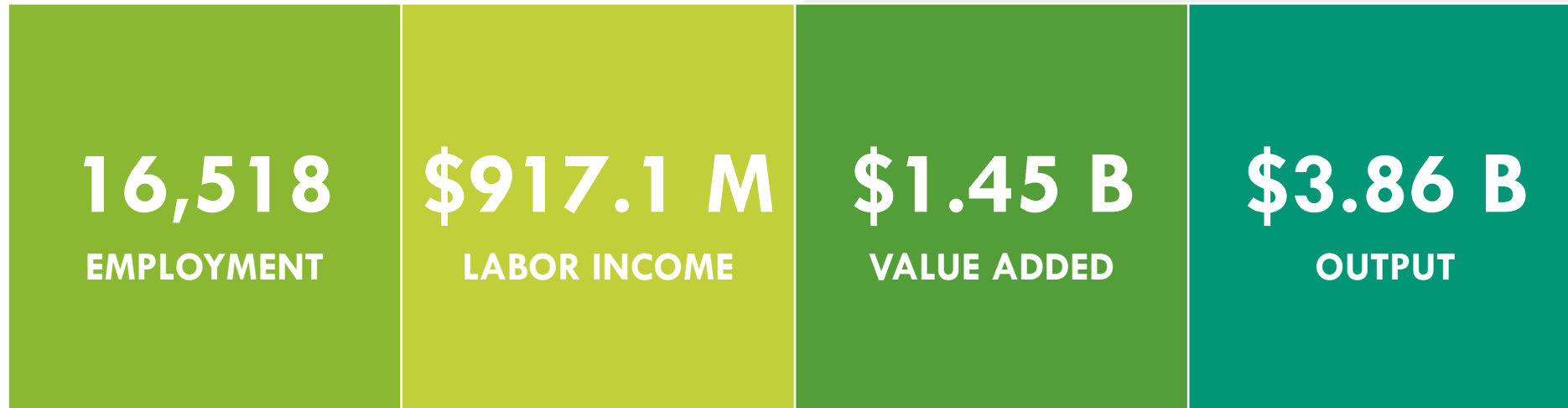
Improves Bay  
Health



Mitigates  
Climate Change

**WHAT DOES THE DATA  
TELL US?**

# ECONOMIC CONTRIBUTION OF FORESTRY INDUSTRY



Source: IMPLAN, 2016

# THE WESTERN MD INDUSTRY



101  
Firms



1,317  
Employees



\$303.6  
MM  
Revenue



1.12 BCF  
Timber



570,759  
ac.  
Timberland



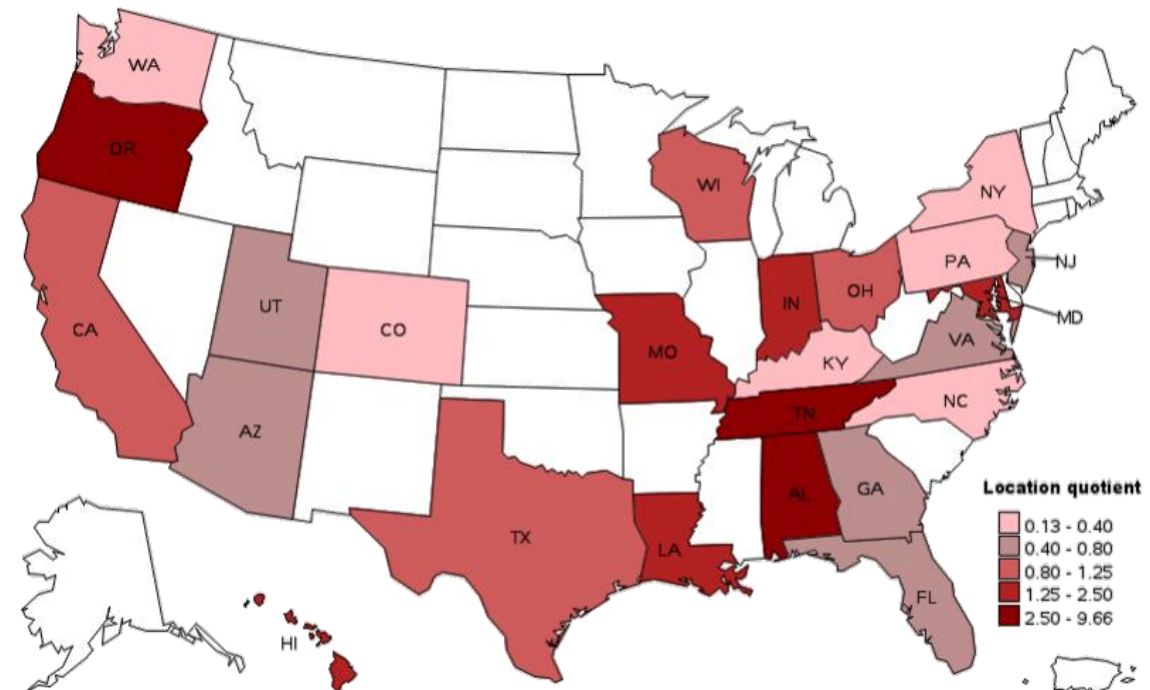
3,167  
Private Forest  
Landowners



# LABOR FORCE HAS INDUSTRY SPECIALIZATION

- A cottage industry
- Lack of business transition
- Workforce concerns
- Growing timber supply
- Timber mortality concerns

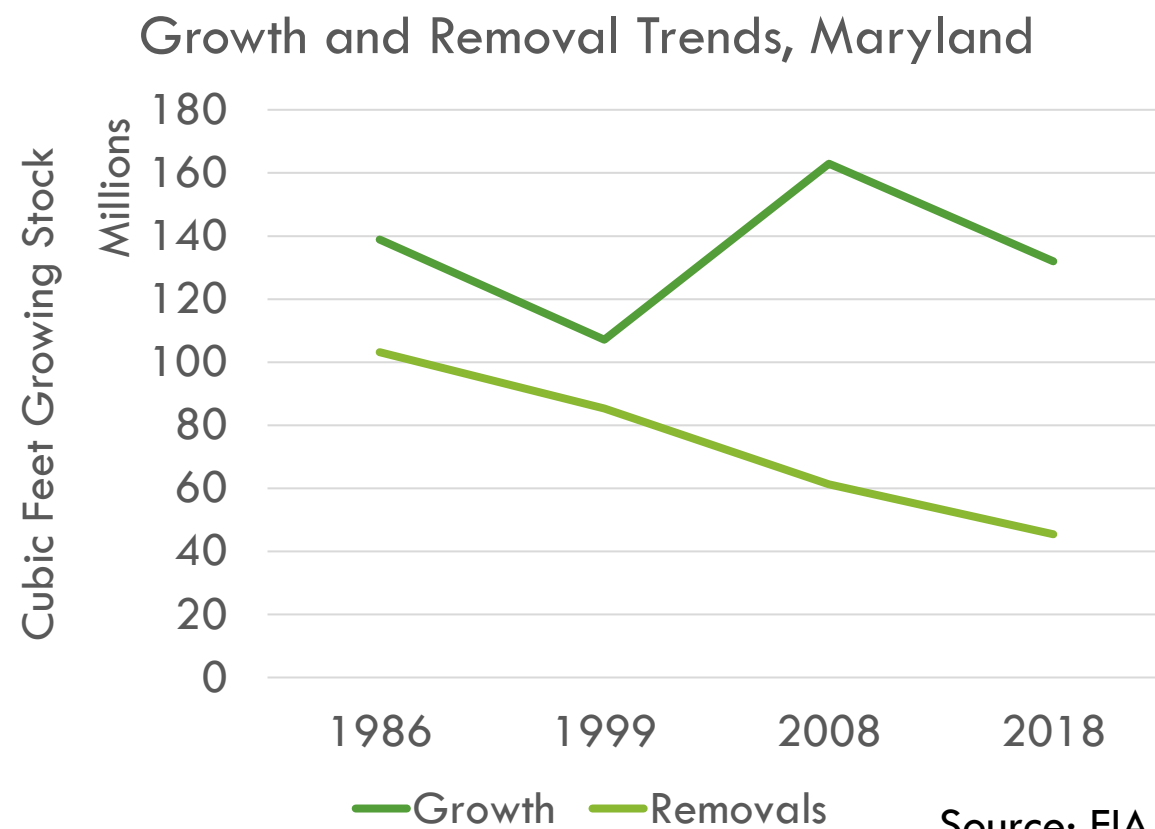
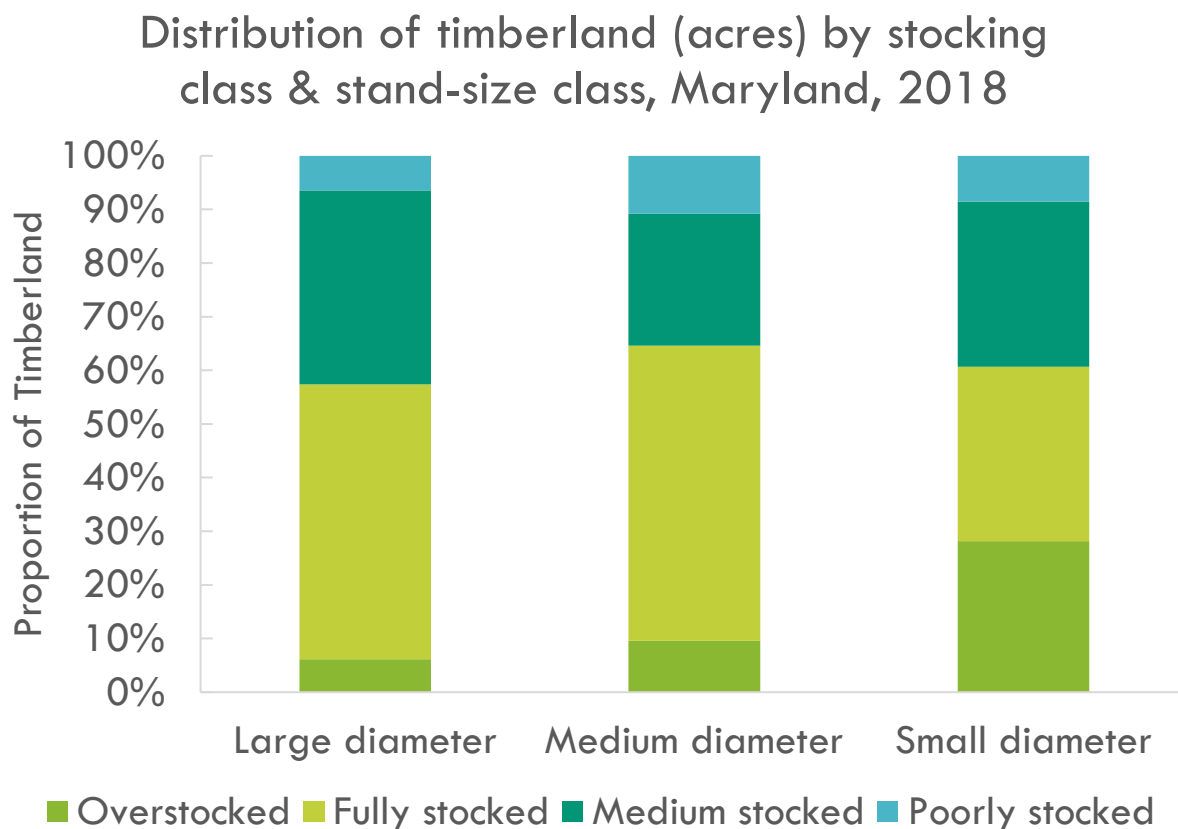
Location quotient of woodworkers, all other, by state, May 2019



Source: BLS

# DATA PREVIEW

## Overstocking of Small Diameter Trees and Declining Harvests

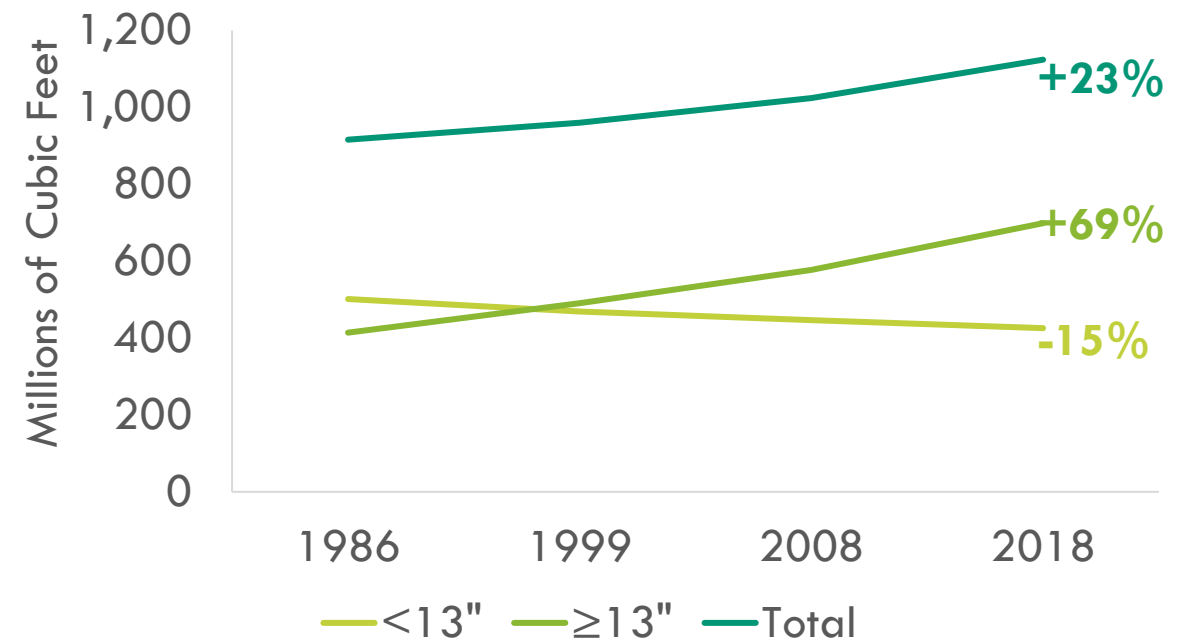


# STATE OF THE WESTERN MD INDUSTRY

## Recovering from Disruption

- Loss of the Luke paper mill was a disruptive change
- Challenges
  - Declines in sawmill capacity
  - Limited timber availability due to small tract sizes
  - Business transition concerns.
- Looking for ways to add higher value to the resource
  - Applied research at regional universities
  - Business recruitment
- Growing volume and size of timber stands
- Opportunities for increased mill capacity

Growing Stock on Timberland by Diameter Size, Western MD



Source: FIA



# ECONOMIC FACTORS

## Landowner Objectives

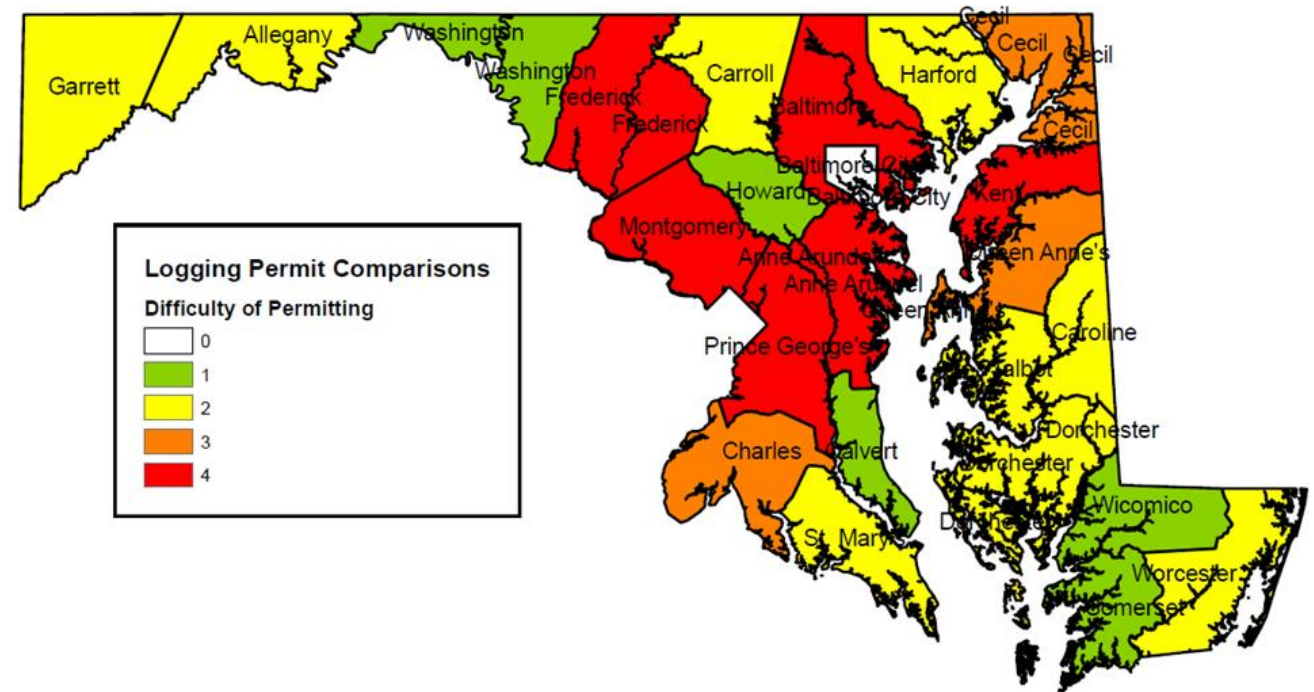
- Market conditions
- Logistical challenges
- Competition from adjacent states
- Timberland availability

Past Activities (last 5 years)	Likely Activities (next 5 years)
1. Cut trees for own use	1. Getting rid of invasive species
2. Getting rid of invasive species	2. Cut trees for own use
3. Improving wildlife habitat	3. Improving wildlife habitat
4. Constructing or maintaining trails	4. Constructing or maintaining trails
5. Collecting nontimber forest products	5. Eliminate unwanted insects/diseases

Source: USDA FS NWOS, 2013

# PUBLIC CLIMATE

- Limited public support
- Lack of united timber advocacy
  - Varied business objectives
  - Small operators
  - Disaggregated sectors
- Possible increased regulatory restrictions



# MARYLAND CONSUMER DEMAND

**37%**

view buying American  
as important

**20%**

interested in how to help  
the environment

**14%**

usually pay more for an  
environmentally safe  
product

**11%**

usually value green  
products over  
convenience

Source: ESRI Business Analyst, 2020



# DEMAND TRENDS

GREEN BUILDING MATERIALS

**10% CAGR**

2020-2025

BIOFUEL

**6.9% CAGR**

2020-2027

WOOD PELLETS

**9.1% CAGR**

2019-2026

WOOD SLABS

**5% CAGR**

2020-2030

CROSS-LAMINATED-TIMBER

**15.1% CAGR**

2017-2025

THERMALLY MODIFIED WOOD

**5.2% CAGR**

2020-2025

# LOCAL OPPORTUNITIES



# UNIQUE BUILDING PRODUCT PROMOTION

- Key species: yellow-poplar, sweetgum, white oaks, pines
- Promote the manufacturing of:
  - Mass timber
  - Thermally modified wood
  - Hardwood CLT
  - Panel veneers
- Niche market: decking, outdoor panels, bridges, acoustic walls, and small building kits
- Use assets like the Home Innovation Research Lab



Thermally Modified  
Wood



Hardwood CLT

# WOOD PRODUCT BRANDING

- Key conditions
  - Existing strong regional identity
  - Many small vertically integrated mills
  - Large consumer market
- Branding and marketing program is a logical next step.
- Markets likely to respond to such activities are:
  - Furnishings
  - Cabinets
  - Small wares





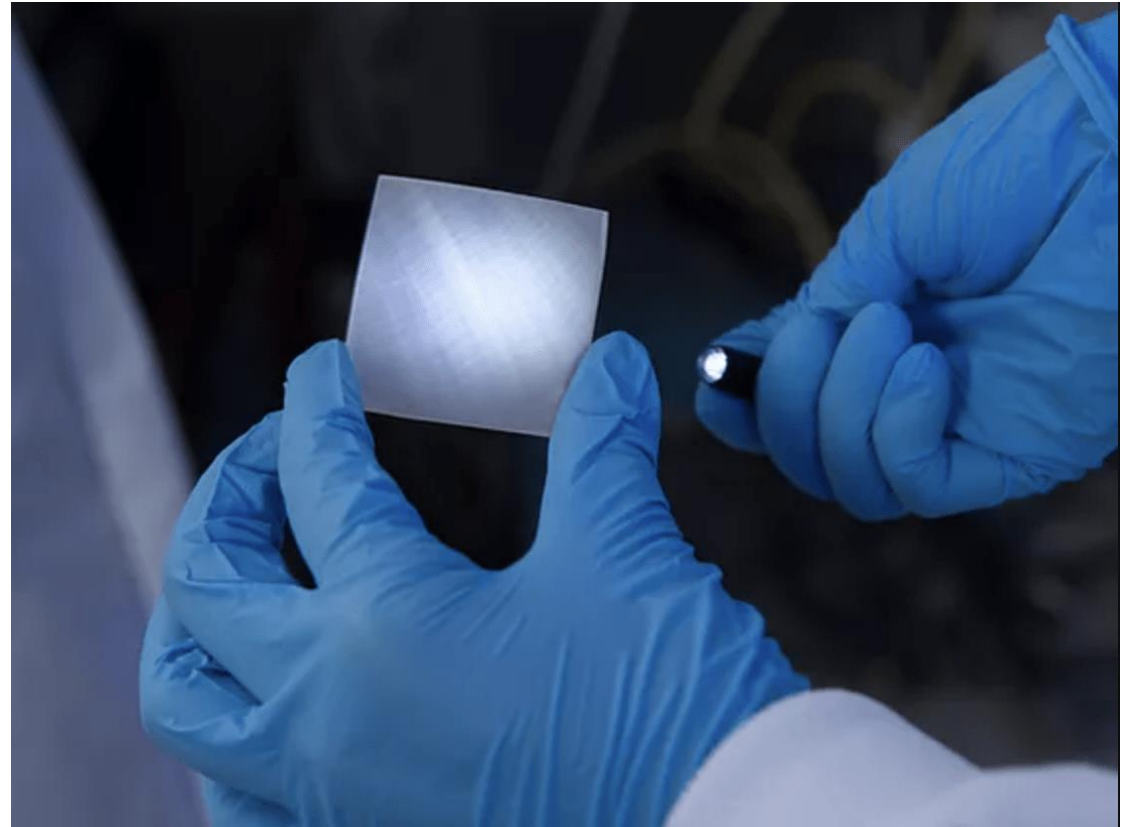
# COMMUNITY SCALE BIOMASS CHP



- Abundant low-value species
- Increasing supply of urban wood waste
- Support the adoption of community-scale CHP projects associated with new commercial, industrial, and residential building projects.
- These systems could supply heating, refrigeration, and electricity to micro-grids while supporting regenerative forest uses.

# ADVANCED MATERIALS

- Develop advanced materials (cellulose-based nanotech)
  - Transparent wood
  - Insulating wood
  - Lightweight and high-strength wood
- R&D and supporting services
- Establish a supply chain for advanced materials manufacturing
- Retain innovative firms
- Bring products to market





# COLLABORATIVE SOLUTIONS

- Workforce programs
  - Untangled Minds
  - WorkKeys
- Logistics and Procurement
  - Supply chain transparency
  - Traceability
- Timber Exchange through Baltimore
  - Revitalizing secondary manufacturing in Baltimore
  - Demand for both high-quality pine timber as well as chips and biomass
  - Excess urban wood that can serve Eastern Shore's demand

# STRATEGIES, INITIATIVES, & ACTIONS



# OVERARCHING GOALS



***Support the existing entrepreneurs*** who anchor the industry and keep liquidity in local markets.



***Raise awareness of the wood products industry*** by building more supportive relationships within and outside of the industry and by focusing on the renewable nature of the resource.



***Encourage innovation in emerging sectors*** through entrepreneurial support and a renewed focus on technology commercialization.



***Enhance local and international market opportunities*** by building a brand linked to the industry's stewardship of natural resources and local economies.

# INITIATIVES AND ACTIONS

## Initiatives



**A. Increase knowledge of the public and policymakers about the forest industry.**



**B. Foster a more supportive state and local policy environment.**



**C. Improve supply-chain coordination.**



**D. Expand the use of renewable biomass energy.**



**E. Enhance Maryland forest product industry's export competitiveness.**





# INITIATIVES AND ACTIONS

## Initiatives



**F. Support entrepreneurial success for wood products businesses.**



**G. Improve the adoption of technology and innovative practices.**



**H. Expand domestic marketing opportunities.**



**I. Create a workforce for the future.**





# DISCUSSION & FEEDBACK